

## Message Text

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43

ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 L-02 TAR-01 /067 W

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R 100921Z MAR 75

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 4105

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E.O. 11652: N/A

TAGS: ETRD HK

SUBJECT: GSP-HONG KONG -- PRESS GUIDANCE

REF: STATE 35259

SUMMARY: ANTICIPATING PUBLICATION OF EXECUTIVE ORDER THIS WEEK, CONGEN HAS PREPARED FOLLOWING QUESTION AND ANSWER GUIDE FOR DEALING WITH PRES ON "IF ASKED" BASIS.

ACTION REQUESTED: REVIEW GUIDE TO SEE IF IT IS CONSISTENT WITH WASHINGTON PRESS GUIDANCE. END SUMMARY.

1. Q. REPORTS FROM WASHINGTON SAY THAT HONG KONG WILL NOT BE ELIGIBLE FOR BENEFITS UNDER THE U.S. PREFERENCE SCHEME.

A. THESE REPORTS REFER TO AN EXECUTIVE ORDER REQUIRED UNDER THE TRADE ACT OF 1974. THE E.O. IS PRELIMINARY AND HAS TWO LISTS: THE A LIST INCLUDES THOSE COUNTRIES WHICH ARE NOW CONSIDERED ELIGIBLE; THE B LIST GIVES THOSE COUNTRIES WHICH ARE POTENTIALLY ELIGIBLE AND WHO WILL BE CONSIDERED AGAIN BEFORE THE SCHEME IS IMPLEMENTED.

HONG KONG IS ON THE B LIST, AND WILL, THEREFORE, LIMITED OFFICIAL USE

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BE CONSIDERED AGAIN FOR ELIGIBILITY. TOO MUCH IMPOR-

TANCE, THEREFORE, SHOULD NOT BE ATTACHED TO HONG KONG'S PRELIMINARY STATUS.

1. Q. WHAT ARE THE GROUNDS FOR WITHHOLDING ELIGIBILITY NOW?

A. WE ARE UNAWARE OF THE GROUNDS. WE NOTE, HOWEVER, THAT UNDER THE ACT, WHEN CONSIDERING A COUNTRY'S ELIGIBILITY, OAE PRESIDENT IS REQUIRED TO CONSIDER ITS LEVEL OF ECONOMIC DEVELOPMENT, INCLUDING PER CAPITA GNP, LIVING STANDARDS, AND ANY OTHER ECONOMIC FACTORS HE DEEMS RELEVANT.

3. Q. IS HONG KONG AGAIN BEING PENALIZED FOR ITS ECONOMIC SUCCESS?

A. THE PREFERENCE SCHEME IS DESIGNED TO HELP THE POOREST OF THE POOR. FOR THIS REASON, IT EMBODIES THE "COMPETITIVE NEED" FORMULA WHICH, IN ANY EVENT, WOULD BAR MOST OF HONG KONG'S EXPORTS TO THE U.S. FROM BENEFICIARY STATUS.

4. Q. SOME OF THE COUNTRIES ON THE A LIST ARE RICHER THAN HONG KONG.

A. WE REPEAT THAT HONG KONG'S CURRENT POSITION ON THE B LIST DOES NOT REPRESENT A FINAL DECISION.

5. Q. HAS THIS SITUATION BEEN DISCUSSED BY THE USG AND THE HKG?

A. THE UK GOVERNMENT, ON BEHALF OF HONG KONG, HAS REQUESTED HONG KONG'S INCLUSION IN THE LIST OF BENEFICIARIES. THE MATTER HAS BEEN THE SUBJECT OF EXTENSIVE DISCUSSIONS BETWEEN OUR GOVERNMENTS.

6. Q. IF THIS IS ONLY PRELIMINARY, HOW LONG MUST WE WAIT FOR A FINAL DECISION?

A. WHILE WE CANNOT GIVE ANY PRECISE DATE, IT IS OUR UNDERSTANDING THAT THE SCHEME WILL BEGIN OPERATING LIMITED OFFICIAL USE

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SOME TIME IN THE SECONDHALF OF 1975, AFTER THE INTERNATIONAL TRADE COMMISSION (EX TARIFF COMMISSION) HAS BEEN ABLE TO CONSIDER ELIGIBLE PRODUCTS. THE FINAL DECISION ON ELIGIBLE BENEFICIARY COUNTRIES SHOULD BE MADE BY THIS TIME.

7. Q. WHO, IN THE US GOVERNMENT, WILL MAKE THIS DECISION?

A. THIS IS A PRESIDENTIAL DECISION; WE BELIEVE THAT  
THE FINAL STAFF WORK IS APPROVED IN THE COUNCIL FOR  
INTERNATIONAL ECONOMIC POLICY IN THE WHITE HOUSE.

8. Q. WHAT CAN HONG KONG DO TO CONVINCE THE USG  
IT NEEDS THESE BENEFITS?

A. THE HONG KONG CASE HAS BEEN VERY ABLY PRESENTED  
BY HKG AND UK AUTHORITIES; IT WILL RECEIVE CAREFUL  
ATTENTION IN THE NEXT ROUND OF DECISIONS.

9. Q. WOULD AN UPTURN IN THE U.S. ECONOMY IMPROVE  
HONG KONG'S ODDS?

A. WHILE THE STATE OF THE U.S. ECONOMY COULD  
HAVE SOME INFLUENCE ON DECISION-MAKERS, WE WOULD ASSUME  
THAT THEIR PRIMARY TASK IS TO DETERMINE WHETHER HONG KONG  
FITS THE DESCRIPTION OF THOSE COUNTRIES THE SCHEME IS DES-  
IGNED TO HELP.  
CROSS

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LAW, GENERALIZED PREFERENCES (TARIFFS)  
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**Draft Date:** 10 MAR 1975  
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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
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